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Money Matters | Move home and auto insurance review to top of priority list

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If you are like most people, it has probably been a few years since you have taken a look at your home and auto insurance.

This is something that often gets pushed to the bottom of the priority list in the busyness of daily life, unless a talking lizard gets you motivated look around in order to save a few dollars. There have been significant shifts in the real estate and insurance markets that could drive the need for you to review and make some changes to your current coverages.

Homeowners Replacement Cost

It is no secret that home prices have come down over the past few years. Many people also think this means the amount of insurance they have on their home should be the same or less than it was a few years ago. That's not the case.

In this unusual real estate market, the retail value of existing homes has come down, but the prices of building materials have actually gone up. This means the cost to replace your home may be significantly more than the price you could get if you tried to sell it today.

Given these dynamics, the replacement cost amount listed on your homeowner's policy should be revisited. If the number is too low, you may not have enough coverage to rebuild if you experience a total loss, and you may not have full coverage for a partial loss due to penalties your insurance carrier may impose for underinsuring your home.

Home and Auto Deductibles

The trend in property insurance recently is that the best bang for premium buck is found with higher deductibles.

The insurance companies prefer that individuals take on a little more of the cost of a claim, and have priced their policies accordingly.

If you have a deductible under \$1,000 on your homeowner's insurance, or under \$500 on you auto policy, you should probably consider the cost savings you would realize if you increased your deductibles. If the premium savings you would realize over a few years will more than make up for the increase in the deductible, it may make sense for you to increase your deductible.

Umbrella Insurance

In our increasingly litigious society, you are at more risk than ever at being exposed to a lawsuit.

Nearly all insurance carriers allow you to buy excess liability coverage, commonly referred to as an umbrella policy. This policy provides extra liability coverage that extends over and above (like an umbrella) the basic limits on your home and auto coverage. The coverage tends to be very inexpensive for the amount you can purchase, and is something most eligible individuals should consider.

If it has been a while since you've given attention to your home and auto insurance, take a few minutes in the next month to pull out your policy info and give your agent a call to review these areas. This simple step could result in some premiums savings and better risk protection for you and your family.

Money Matters is written by members of the Financial Planning Association of Greater Kansas City. Today: Lucas Bucl.

